

Testimony SB870.pdf

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Position: FAV

PAUL D. CORDERMAN
Legislative District 2
Washington County

Budget and Taxation Committee

Subcommittees

Education, Business and Administration

Pensions



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March 3, 2021

Testimony in Support of Senate Bill 870 Income Tax – Subtraction Modification – COVID-19 –Related Distribution of Retirement Income

Chairman Guzzone & Members of the Budget & Tax Committee;

Thank you for the opportunity to present SB 870 to you this afternoon.

The COVID-19 pandemic has financially impacted Marylanders across the state. Many lost their jobs, were temporarily laid off, had a family member diagnosed with COVID-19 and were forced to stay home and care for their loved ones, and some even were forced to shut their businesses.

In an effort to make ends meet, some Marylanders made withdrawals from their retirement income. SB 870 will protect Marylanders from being penalized and taxed for the withdrawals they made (up to \$100,000) as a result of experiencing adverse financial consequences as a result of the pandemic. Specifically, these scenarios are mentioned in the bill – if the individual’s spouse or the individual’s dependent was diagnosed with COVID-19, if the individual was furloughed, laid off, or had reduced working hours, if the individual was unable to work due to lack of childcare, if the individual’s business was closed or had reduced hours.

This is a reasonable accommodation for Marylanders that were hit hard during the pandemic and provides a fair protection from being further penalized for using part of their retirement income to simply take care of themselves and their loved ones.

Thank you for your consideration. I respectfully ask for a favorable report on SB 870.

Sincerely,

A handwritten signature in blue ink that reads "Paul D. Corderman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Paul D. Corderman
District 2 – Washington County

SB0870-BT_MACo_OPP.pdf

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Position: UNF



Senate Bill 870

Income Tax - Subtraction Modification - COVID-19-Related Distribution of Retirement

MACo Position: **OPPOSE**

To: Budget & Taxation Committee

Date: March 3, 2021

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

The swift and unprecedented shock of the COVID-19 public health crisis has wreaked havoc on the economy. As the focus shifts to restoring our state and local economies in a manner that is safe, equitable, and prosperous for all, counties are eager and committed partners in promoting economic growth and creating opportunity – we prefer local autonomy in determining the best way locally.

The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but welcomes tools to grant counties options and flexibility to pursue their own parallel tax incentives, or to develop others to suit their local needs.

The General Assembly routinely considers proposals to change tax structures, often seeking to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals often are focused exclusively on the state's tax structure, but sometimes extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities. MACo steadfastly guards this local autonomy, and frequently advocates against statewide solutions that mandate county compliance or otherwise override local decision-making.

Property taxes show the best collaborative way to enact targeted tax relief. The State and its local governments already work together here – where the State routinely grants a state-level tax credit, but then enables county governments to enact their own as a local option.

State proposals that involve local revenue sources can be enacted as “local option” offerings, to allow counties maximum flexibility to achieve local goals.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments hope the Committee finds these comments helpful. Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input.